

Message Text

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44

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SAB-01 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-02 NSAE-00 NSC-05 PA-02 RSC-01 PRS-01

SP-02 SS-15 USIA-15 AID-05 COME-00 EB-07 FRB-01

TRSE-00 XMB-04 OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01

/110 W

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R 181206Z DEC 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1894

INFO AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMCONSUL STUTTGART

UNCLAS BEIRUT 15076

E.O. 11652: N/A

TAGS: EFIN, KU, GW

SUBJECT: KUWAIT/DAIMLER-BENZ: ALLEGED UNPUBLISHED DETAILS

SUMMARY: DEC 14 ISSUE OF MEMO-MIDDLE EAST MONEY, SIX-MONTH-OLD WEEKLY, CARRIES WHAT IS DESCRIBES AS PREVIOUSLY-UNDISCLOSED DETAILS OF KUWAIT PURCHASE OF SOME 15 PERCENT OF DAIMLER-BENZ. TEXT FOLLOWS. END SUMMARY.

1. THE NUMBER OF SHARES ACQUIRED FROM QUANDT GROUP, WHO WERE FACING FINANCIAL DIFFICULTIES, WAS 3,120,000 SHARES. QUANDT GROUP RETAINED ONLY 5,000 OF PREVIOUS SHAREHOLDING, OR LESS THAN ONE SEVENTH OF ONE PER CENT.

2. TOTAL COST OF DEAL WAS JUST OVER ONE BILLION MARKS, WHICH INDICATES A PRICE HIGHER THAN THE STOCK MARKET PRICE AT THE TIME, BUT LOWER THAN NET WORTH. THE STOCK MARKET PRICE WAS ABOUT 250 MARKS PER SHARE WHEREAS

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PRICE INDICATED IN THE DEAL IS AROUND 320 MARKS PER

SHARE.

3. ALTHOUGH PRICE PAID WAS HIGHER THAN MARKET PRICE, KUWAITIS AND THEIR ADVISORS ESTIMATE THAT IT IS LOWER THAN PRICE THEY COULD HAVE OBTAINED BY COLLECTING AS MANY SHARES IN THE OPEN MARKET. EVEN THE PRICE PAID IS 30 PER CENT BELOW NET WORTH.

4. KUWAIT'S ENTHUSIASM FOR THE DEAL IS BASED ON FAVOURABLE LONG-TERM PROSPECTS FOR DAIMLER-BENZ. THIS COMPANY HAS NOT SUFFERED FROM RECESSIONARY TRENDS AND IS SOLIDLY BASED FOR FUTURE EXPANSION.

5. SECRECY WAS SO TIGHT BECAUSE OF FEARS OF REPERCUSSIONS ON MARKET PRICES THAT ONLY THREE PEOPLE IN KUWAIT KNEW OF THE DETAILS. THESE WERE THE PRIME MINISTER, MINISTER OF FINANCE AND DIRECTOR OF INVESTMENTS. IN GERMANY, THE CHANCELLOR, WHO WAS AT THE DAIMLER-BENZ WORKS ON THE DAY OF FINALIZATION OF THE DEAL, WAS UNAWARE OF ITS DETAILS, ESPECIALLY THE IDENTITY OF THE PURCHASERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, STOCKS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BEIRUT15076
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740368-0235
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741227/aaaaawsr.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 03 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 OCT 2002 by ReddocGW>; APPROVED <08 JAN 2003 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT/DAIMLER-BENZ: ALLEGED UNPUBLISHED DETAILS SUMMMARY: DEC 14 ISSUE OF MEMO-MIDDLE EAST MONEY
TAGS: EFIN, KU, GE, DAIMLER-BENZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005